

EUROPEAN ECONOMY

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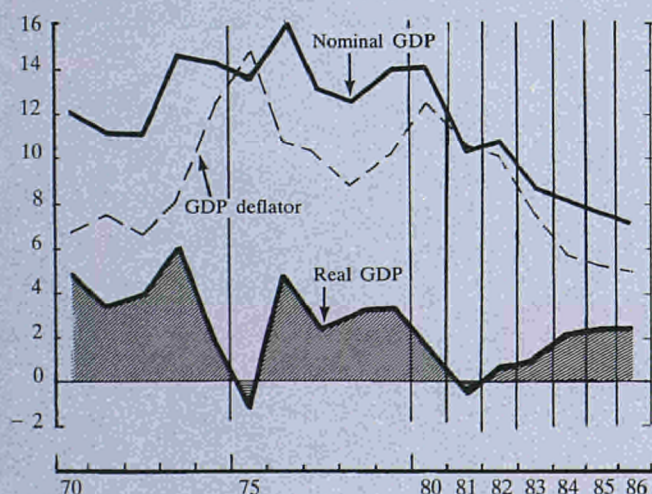
Recent economic trends

*In this number:
Economic forecasts for 1985 and 1986¹*

The principal features of the Commission's new economic forecast are, for the Community as a whole, as follows :

- Economic activity in the European Community should continue to expand at a moderate rate in both 1985 and 1986. Growth of GDP (gross domestic product) in volume terms is forecast to increase by about 2,3 % in both 1985 and 1986, slightly faster than the 2,1 % recorded in 1984.
- Inflation is expected to continue to decelerate markedly; the increase in the price deflator of private consumption is forecast to decline from 6,3 % in 1984 to 5,4 % this year, and to reach 4,4 % in 1986.
- The expansion of employment should accelerate gently over the forecast period, but this will just be sufficient to halt the increase in the rate of unemployment (10,9 % in 1984; 11,2 % in 1985; 11,1 % in 1986).
- The stimulus to output growth from exports is forecast to weaken somewhat as the growth of world trade falls back from the exceptional expansion of 1984, but should be offset by a gradual strengthening of private consumption.
- The surplus on current transactions with the rest of the world is forecast to increase from 0,1 % of GDP last year to 0,4 % in 1985, and to reach 0,7 % in 1986.
- The general government borrowing requirement is forecast, on the basis of unchanged policies, to contract from 5,5 % of GDP last year to 5,2 % and 4,9 % of GDP in 1985 and 1986 respectively.

GRAPH 1 : Nominal GDP, deflator of GDP, real GDP
(percentage change on preceding year, EC, 1970-1986)¹



¹ 1985 and 1986 : forecasts-cast.
Source : Commission services.

The international economic environment. — Growth of world economic activity and trade is expected to weaken in 1985, largely as a result of the much slower rate of expansion foreseen for the United States' economy. With private consumption no longer boosted by personal tax reductions, and government consumption beginning to react to measures designed to reduce the Budget deficit, the growth of domestic demand will tend to weaken over the outlook period. Moreover, a large part of any growth in domestic demand will continue to be satisfied by imports given the assumption of only a gradual weakening of the U.S. dollar. Thus, real GNP growth in the U.S. is forecast to decline from 6,8 % last year to 2,7 % in 1985, and 2,4 % in 1986 (Table 1).

The slowdown of the U.S. economy will have repercussions on economic activity in other industrialised countries. Japan and Canada, in particular, will feel the effects of the weaker trend of U.S. imports. Amongst developing countries, those largely dependent on oil exports will continue to be affected by the weakness of world oil demand, whereas most heavily-indebted developing countries are expected to pursue their recovery, which will, however, remain fragile.

The combined effects of these developments are expected to result in a significant slowdown in the growth of world trade. The volume of world imports excluding the Community, after expanding by an estimated 10,2 % last year, is forecast to increase by just over 5 ½ in both 1985 and 1986 (Table 2).

¹ The following text summarizes the results of the Commission's Spring forecasting round. The cut-off date for information used in the forecasts was 7 June 1985. The previous forecast for 1984 and 1985 was summarised in Supplement A, N° 2 February 1985.

TABLE 1: World GDP/GNP (at constant prices)

	Percentage change on preceding year					
	1981	1982	1983	1984	1985 ¹	1986 ¹
EC	-0,2	0,5	1,0	2,1	2,3	2,3
USA	3,4	-3,0	2,9	6,8	2,7	2,4
Canada	3,3	-4,4	3,3	4,8	2,9	2,8
Japan	4,2	3,0	3,0	5,9	5,1	4,7
Other OECD	1,6	0,9	1,6	3,4	2,7	2,8
OECD total	1,7	-0,1	2,3	4,5	2,9	2,8
OPEC	-3,5	-4,0	-2,5	2,0	1,0	1,0
Other developing countries	3,0	0,9	0,8	3,5	3,6	3,9
Other countries	2,3	2,2	3,1	3,9	3,6	3,7

¹ Forecasts.

Source: Commission services.

TABLE 2: World imports (at constant prices)

	Percentage change on preceding year					
	1981	1982	1983	1984	1985 ¹	1986 ¹
EC	-2,9	2,4	2,2	7,4	4,5	5,0
USA	2,5	-5,0	11,8	29,9	9,9	7,6
Canada	2,8	-16,0	14,0	21,8	6,5	5,8
Japan	-2,2	-0,5	0,3	11,0	6,5	5,5
Other OECD	-0,2	1,1	-0,1	7,7	5,5	5,2
OECD total	-1,2	-0,4	4,1	13,3	6,3	5,8
OPEC	27,4	5,5	-8,2	-13,0	-8,0	1,0
Other developing countries	4,3	-6,1	-0,3	6,4	6,2	5,8
Other countries	1,7	-2,0	2,6	4,7	5,5	5,4
World	1,8	-1,0	2,2	9,3	5,3	5,5

¹ Forecasts.

Source: Commission services.

Free world oil consumption is estimated to have increased by only 1 million barrels per day in 1984 despite the significant strengthening of world economic activity, and the additional demand generated as a result of the miners' strike in the United Kingdom. Given the assumed weakening of economic growth in the OECD area, the ending of the exceptional UK demand for oil, and the continuing decline of the ratio of oil consumption to GDP, total demand for oil is expected to increase by less than a further 1 mbd. over the two outlook years. This weakness of demand points to a continuation of the decline in oil prices (Table 3). Prices of non-oil primary commodities, in dollar terms, are also likely to record a decline, on average, in 1985. However, some moderate hardening is foreseen in 1986 reflecting, in particular, reduced supplies of some agricultural commodities and the assumed weakening of the dollar.

Despite the sharp downward correction to the U.S. dollar that occurred in 1985, the exchange rate assumptions underlying this forecast exclude a sudden collapse in confidence,

but project a gradual weakening of the dollar over the next eighteen months (Table 4). These assumptions reflect a more sober appraisal of growth prospects and the expectation that the U.S. authorities may tolerate a modest breaching of their monetary targets.

TABLE 3: World export prices¹

	Percentage change on preceding year					
	1981	1982	1983	1984	1985 ²	1986 ²
Fuels	10,8	-3,2	-11,0	-3,6	-2,1	-0,4
Other primary commodities	-10,1	-10,7	0,5	-1,5	-4,0	7,1
Manufactures	-4,8 ³	-1,9 ³	-3,4 ³	-3,8	-1,9	10,3

¹ Based on export prices in US dollars.

² Forecasts.

³ Excluding the EC.

Source: United Nations and forecasts by Commission services.

TABLE 4: Interest and exchange rates assumptions

	1981	1982	1983	1984	1985 ¹	1986 ¹
	Annual rates (%)					
Rates of interest (US)						
— short-term ¹	14,0	10,6	8,7	9,5	7,8	7,0
— long-term ²	12,9	12,2	10,8	12,1	11,2	9,8
Change on preceding year (%)						
Exchange rate of USD						
— vis-à-vis ECU ³	+24,7	+13,7	+10,9	+13,4	+7,8	-8,0
— vis-à-vis DM ³	+23,9	+7,5	+5,2	+11,4	+7,0	-9,9

¹ 13-week US Treasury bills.

² US bonds over 10 years.

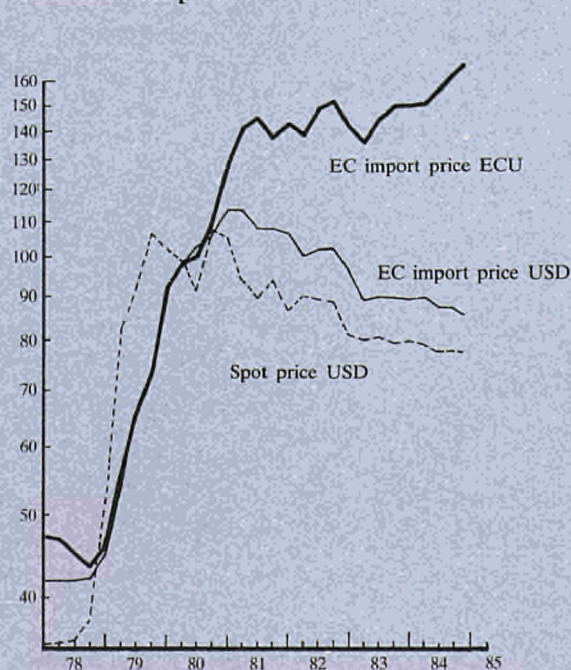
³ + (-) signifies an appreciating (depreciating) USD.

Source: Services of the Commission.

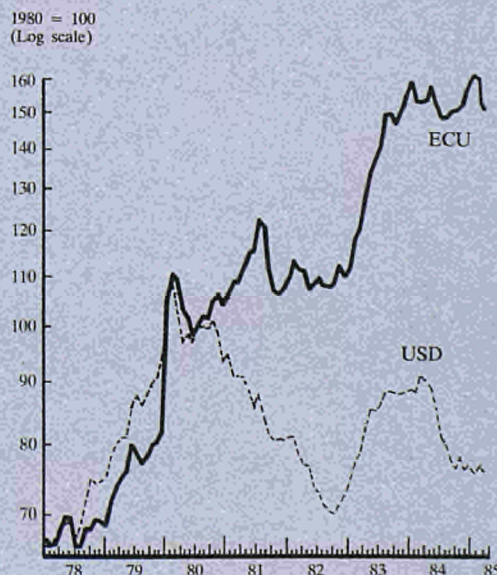
GDP growth in the Community. — Real growth of GDP (gross domestic product) last year was apparently slightly less than previously estimated (2,1 % compared with 2,4 % in the January forecast). The projection for 1985 has also been revised downwards marginally to 2,3 %, and a similar rate of growth is foreseen for 1986 (Table 5 and Graph 1). Despite the expected weakening of world trade, export demand will continue to provide the main stimulus to growth both in 1985 and 1986. Amongst the components of domestic demand, the principal sources of growth will continue to be private consumption and investment in equipment.

Last year, all Member States recorded positive rates of economic growth — the first time this has occurred since 1979. However, as the speed of adjustment after the second oil shock differed markedly between Member States, the

GRAPH 2: Oil prices



GRAPH 3: Non-oil primary commodity prices



Source: "The Economist" Commodity Price Index.

TABLE 5: **Gross domestic product, volume** (percentage change at constant prices on preceding year, EC countries, EC, USA, Japan, 1973-86)

	1973-82	1981	1982	1983	1984	1985 ¹	1986 ¹
B	2,2	-1,3	1,1	0,4	2,0	1,6	1,7
DK	1,8	-0,9	3,0	2,0	3,9	2,9	3,1
D	2,0	0,1	-0,9	0,9	2,6	2,5	2,8
GR	3,1	-0,3	-0,1	0,3	2,6	1,9	1,9
F	2,7	0,2	2,0	1,0	1,4	1,1	1,7
IRL	4,0	2,9	1,9	0,6	3,6	2,9	2,7
I	2,6	0,2	-0,4	-1,2	2,6	2,6	2,2
L	1,7	-1,8	-1,1	-2,2	2,4	1,2	1,4
NL	2,4	-0,7	-1,7	0,6	1,9	2,0	1,9
UK	1,5	-1,1	1,9	3,3	1,6	3,5	2,4
EC	2,2	-0,2	0,5	1,0	2,1	2,3	2,3
USA	2,1	3,4	-3,0	2,9	6,8	2,7	2,4
JAP	4,3	4,2	3,0	3,0	5,9	5,1	4,7

¹ Forecasts.
Source : Commission services.

rates of real GDP growth for individual countries continue to diverge significantly, and ranged, in 1984, from 1,4 % in France to 3,9 % in Denmark. This gap is expected to narrow to under two percentage points in 1986, when real GDP growth rates are forecast to range from 1,4 % in Luxembourg to 3,1 % in Denmark.

Inflation. — The measures to reduce inflation introduced over recent years in most Member States have been relatively successful (Table 6). The average rate of increase in the implied deflator of private consumption, for the Community as a whole, has declined by six percentage points from the most recent peak in 1980 to reach 6,3 % last year. The

TABLE 6: **Deflator of private consumption** (percentage change on preceding year, EC countries, EC, USA, Japan, 1973-86)

	1973-82	1981	1982	1983	1984	1985 ¹	1986 ¹
B	7,6	8,5	7,5	7,0	6,3	5,3	4,0
DK	10,7	12,0	11,0	7,2	6,6	4,2	2,6
D	5,2	6,0	4,8	2,9	2,6	2,4	1,8
GR	17,0	23,2	21,1	19,5	18,1	17,5	17,0
F	10,7	12,8	11,2	9,4	7,3	6,0	5,1
IRL	15,6	19,5	16,0	9,7	8,3	5,8	5,8
I	17,2	19,2	17,1	14,9	11,1	8,7	6,5
L	7,5	7,7	9,7	8,4	6,7	4,5	4,0
NL	7,2	6,3	5,4	2,9	3,0	2,3	1,2
UK	13,7	11,2	8,3	5,1	5,1	5,5	5,0
EC	11,0	11,7	9,8	7,6	6,3	5,4	4,4
USA	7,5	8,3	5,9	4,5	3,2	3,5	4,0
JAP	8,1	4,8	2,8	1,6	0,2	1,7	1,6

¹ Forecasts.
Source : Commission services.

weakening of inflationary pressure over recent years was attributable to a marked deceleration in the rate of increase of domestic costs. The rate of growth of average employee compensation has been more than halved since 1980 and this trend, combined with significant improvements in labour productivity which, as in previous cycles, have been obtained during the recovery in the Community economy, has resulted in a very marked reduction in the rate of growth of unit labour costs, from 11,8 % in 1980 to 4,8 % last year (Table 7). Although little further deceleration in unit labour costs is expected over the outlook period, the assumed weakening of the U.S. dollar vis-à-vis the currencies of most Member States should help to reduce significantly the pressure from rising import prices. The rate of increase of the deflator of private consumption is, therefore, forecast to decelerate from an average of 6,3 % last year to 4,4 % in 1986, the lowest rate since 1970. Rates of inflation are forecast to decelerate, over the outlook period, in all Member States except in the United Kingdom where little change is foreseen, and should range, in 1986, from 1,2 % in the Netherlands to 17,0 % in Greece.

Nominal GDP. — The downward trend in inflation in the Community will be reflected in the implicit price deflator of GDP which is forecast to be over 1 percentage point lower in 1986 than in 1984 (Table 7). As the rate of growth of real GDP is expected to rise only slightly between 1984 and 1985, and then to remain unchanged in 1986, the rate of growth of GDP at current prices will continue to decelerate.

TABLE 7: **Deflator of GDP, of imports and unit labour costs** (percentage change on preceding year, EC, 1973-86)

	1973-82	1981	1982	1983	1984	1985 ¹	1986 ¹
Deflator of GDP	10,9	10,6	10,1	7,8	5,8	5,3	4,7
Deflator of imports (goods and services)	12,7	15,5	7,8	4,8	8,2	6,1	2,1
Unit labour costs (whole economy)	11,4	11,3	9,0	7,1	4,8	4,5	4,0

¹ Forecasts.
Source : Commission services.

TABLE 8: **Gross domestic product, nominal** (percentage change at current prices on preceding year, EC countries, EC, USA, Japan, 1973-86)

	1973-82	1981	1982	1983	1984	1985 ¹	1986 ¹
B	9,5	3,9	8,3	6,4	7,5	6,9	6,0
DK	12,0	9,1	14,6	10,3	9,9	6,9	5,9
D	6,9	4,2	3,6	4,2	4,5	4,7	5,2
GR	20,9	18,9	24,4	20,1	23,0	19,5	18,7
F	13,8	12,4	14,7	10,9	8,7	7,1	7,1
IRL	19,2	20,5	17,5	11,3	10,7	8,3	7,7
I	20,2	18,5	17,4	13,7	13,6	11,7	9,4
L	9,4	5,9	7,4	6,2	8,4	5,7	5,5
NL	9,6	4,8	4,2	2,4	5,6	3,5	3,1
UK	15,8	10,4	9,1	8,6	5,9	9,1	7,7
EC	13,4	10,4	10,6	8,8	8,0	7,8	7,1
USA	9,9	12,6	3,8	7,6	10,8	6,7	6,9
JAP	11,1	7,1	4,8	3,7	5,9	5,1	5,7

¹ Forecasts.
Source : Commission services.

Components of demand. — The rate of growth of real disposable income is expected to accelerate, over the outlook period, from 0,9 % last year to 2,0 % in 1986. As the combination of decelerating inflation and falling interests rates will provide little incentive to increase the rate of personal savings, it is assumed that this increase in disposable income will be devoted to consumers' expenditure, and *private consumption*, in real terms, is expected to strengthen moderately both this year and next taking the Community as a whole (Table 9). At the national level, over the period 1984-1986, the rate of growth of real private consumption should continue to strengthen in six countries, and to decelerate only in Greece; the forecasts for the remaining countries show no clear trend.

Despite the introduction, in several Member States, of measures to reduce public sector deficits, the growth of real

TABLE 9: **Rates of change of demand components and contributions to GDP growth** (EC, 1973-86)

	Percentage change on preceding period ¹ at constant prices				
	1973-82	1983	1984	1985 ²	1986 ²
Private consumption	2,5	1,1	1,0	1,5	2,3
Government consumption	2,4	1,6	1,2	1,6	0,9
Fixed capital formation	0,3	0,0	2,3	2,2	2,9
Exports of goods and services	4,9	1,9	7,3	5,8	4,8
Imports of goods and services	4,0	1,5	6,9	4,4	4,9
GDP	2,2	1,0	2,1	2,3	2,3
	8402	8501	8502	8601	8602
Private consumption	0,8	1,6	2,1	2,2	2,5
Government consumption	2,0	1,8	0,9	0,9	0,9
Fixed capital formation	2,8	1,3	3,4	2,4	3,3
Exports of goods and services	8,4	5,3	4,4	5,0	5,0
Imports of goods and services	6,6	3,4	4,1	5,1	5,1
GDP	2,3	2,3	2,5	2,1	2,4
	Contributions to changes in GDP ³				
	1973-82	1983	1984	1985 ¹	1986 ²
Final domestic demand	2,0	0,8	1,3	1,6	2,1
Stockbuilding	0,0	-0,2	0,6	0,2	0,1
Foreign balance	0,2	0,1	0,2	0,5	0,0
	8402	8501	8502	8601	8602
Final domestic demand	1,4	1,5	2,1	2,0	2,3
Stockbuilding	0,4	0,2	0,2	0,1	0,1
Foreign balance	0,5	0,6	0,1	0,0	0,0

¹ Half-yearly figures at annual rates, seasonally adjusted (8402 = second half of 1984 etc).

² Forecasts.

³ Change as percentage of GDP of preceding period.

Source : Commission services.

public consumption is proving more resilient than previously expected. Taking the Community as a whole, the volume of government consumption is forecast to grow by 1,6 % this year (compared to 1,2 % in 1984), being boosted by special factors in some countries (e.g. the miners' strike in the United Kingdom, and the rapid growth of social security expenditure in Germany). In 1986, some deceleration is foreseen for the Community as a whole and, on the basis of present policies, it is expected that real public consumption will remain stable, or even decline slightly, in four countries (Belgium, Denmark, Ireland and Luxembourg).

Although the growth of total *fixed investment* in 1984 was somewhat stronger than expected at the time of the previous forecast, no further acceleration is expected in 1985 given the prospective weak performance of construction activity in several countries as a result of the exceptionally severe weather in the opening months of the year and the structural problems facing the industry. A positive rate of growth of construction investment this year is forecast for only two countries (Belgium and Denmark). Investment in equipment, however, is likely to strengthen this year on average for the Community and, at the national level, growth of 8 % or more is forecast for Belgium, Denmark, Germany and the Netherlands. Next year, growth of investment in equipment is expected to decelerate somewhat to just under 5 %, but this should be offset by a very small recovery in the construction sector on the assumption of a return to normal weather conditions, and total fixed investment in the Community is forecast to strengthen slightly to 2,9 %.

The modest rate of expansion of economic activity will be reflected in the rate of *stockbuilding* which will, therefore, make only a very small positive contribution to GDP growth in both years.

The marked deceleration of world trade, this year, is not expected to lead to a comparable weakening of the Community's exports as growth will tend to be maintained in the Community's traditional markets and little erosion of price competitiveness is foreseen. As far as exports of goods are concerned, some further gain of market share is forecast, therefore, for 1985 (Table 10) and, on present assumptions,

TABLE 10: **Export markets and export performance** (Percentage change on preceding year)

	Export markets ¹			Export performance ²		
	1984	1985 ⁴	1986 ⁴	1984	1985 ⁴	1986 ⁴
B	7,5	4,8	5,5	0,0	-0,2	-0,1
DK	7,2	4,7	5,2	-2,0	1,1	0,8
D	7,9	4,9	5,2	1,2	3,0	0,7
GR	4,1	3,6	5,1	7,8	2,6	1,8
F	7,2	4,9	5,7	0,0	0,0	-0,6
IRL	8,5	5,2	5,3	7,6	5,4	3,0
I	5,8	4,3	5,5	1,5	-0,3	-0,4
L ³	—	—	—	—	—	—
NL	5,5	4,2	5,1	0,6	0,5	-0,1
UK	7,0	5,1	5,3	0,6	3,5	-1,7
EC	7,0	4,7	5,3	0,9	1,6	-0,1
USA	8,5	5,2	5,4	-3,0	-2,7	1,8
JAP	12,8	6,8	6,6	1,9	0,8	-0,8

¹ Imports to the various markets (incl. EC-markets) weighted according to their share in each country's exports

² Index for exports divided by an index of market growth

³ Separate estimates are not available for Luxembourg, which is included in the figures for Belgium.

⁴ Forecasts.

Source : Commission services.

only a slight loss is expected next year. Growth of total *exports*, with services included, should decline to 5,8 % this year (compared to 7,3 % in 1984) and to weaken further to 4,8 % in 1986. The rate of increase of total *imports* is expected to decelerate (from 6,9 % in 1984 to 4,4 % in 1985), partly as a result of the ending of the additional fuel imports required during the miners' strike in the United Kingdom, before accelerating slightly to 4,9 % next year in response to the strengthening of domestic demand.

Balance of payments. — Although the aggregate trade surplus of the Community (fob/fob) fell to \$ 7,1 billion in 1984, from \$ 8,5 billion in 1983, this can now be seen to be only a temporary interruption of the improving trend which has been underway since the second oil shock, and can be largely

attributed to the cost of the extra fuel imports by the United Kingdom required as a result of the miners' strike. The current year should again see an increase in the Community's trade surplus to just under \$ 16 billion, as exporters benefit from the cumulative effects of the appreciating dollar on their competitive position, import prices remain weak and the United Kingdom is able to obtain, once again, normal domestic supplies of coal. In 1986, a further increase, to around \$ 26 billion, is expected and will be largely attributable to a marked improvement in the terms of trade, given the underlying assumptions concerning commodity prices and exchange rates used in this forecast.

The Community's traditional deficit on invisibles account is forecast to continue to increase, albeit by relatively small amounts, as the growing net surplus on services will be offset by a larger deterioration on factor income and transfers account. However, the overall surplus on current transactions of the Community should increase from \$ 1,3 billion last year to over \$ 9 billion in 1985, and is forecast to reach \$ 19 billion in 1986, equivalent to 0,1 %, 0,4 % and 0,7 % of GDP respectively (Table 11).

TABLE 11: **Balance on current account** (per cent of GDP, EC countries, EC, USA, Japan, 1973-86)

	1973-82	1981	1982	1983	1984	1985 ¹	1986 ¹
B	-1,6	-4,5	-3,5	-1,0	-0,5	0,5	1,9
DK	-3,3	-3,0	-4,1	-2,1	-3,2	-2,7	-1,5
D	0,5	-0,8	0,6	0,7	0,9	1,6	1,8
GR	-2,3	-0,2	-3,9	-4,5	-4,0	-4,3	-3,9
F	-1,0	-1,4	-3,0	-1,6	-0,7	-0,3	0,0
IRL	-8,4	-15,1	-10,9	-6,6	-5,2	-4,2	-3,1
I	-0,9	-2,3	-1,6	0,1	-0,9	-1,3	-0,9
L	26,2	28,1	35,3	44,8	38,1	36,1	34,4
NL	1,5	2,1	2,8	2,8	4,0	4,4	5,1
UK	-0,3	2,7	1,7	0,8	0,0	0,7	0,7
EC	-0,3	-0,5	-0,6	0,0	0,1	0,4	0,7
USA	0,1	0,2	-0,2	-1,0	-2,8	-3,4	-3,8
JAP	0,2	0,5	0,7	2,0	2,9	3,1	3,2

¹ Forecasts.

Source : Commission services.

Labour markets. — Although the rate of expansion of economic activity in the Community is expected to remain modest by historical standards, it should serve to increase employment opportunities. Total employment in the Community, which began to recover already last year (Table 12), is forecast to show a further increase during the outlook period of over 800 000 compared to the 1984 level. All Member States except France and Luxembourg are expected to share in this expansionary trend.

TABLE 12 : **Total employment** (percentage change on preceding year)

	1973-82	1981	1982	1983	1984	1985 ¹	1986 ¹
B	-0,2	-2,1	-1,3	-1,6	0,4	0,4	0,2
DK	0,3	-1,3	0,3	0,5	2,2	2,1	1,6
D	-0,4	-0,8	-1,8	-1,7	-0,2	0,3	0,7
GR	0,5	0,1	-1,3	-1,0	-0,2	0,5	0,5
F	0,2	-0,7	0,1	-0,6	-1,0	-0,8	-0,3
IRL	0,9	-0,9	0,2	-2,0	-0,7	0,4	1,3
I	0,7	0,5	-0,1	0,1	0,4	0,1	0,3
L	0,7	-0,6	0,0	-0,3	-1,1	-0,3	0,1
NL	-0,2	-1,5	-2,5	-2,0	-0,2	0,6	0,6
UK	-0,2	-3,9	-1,4	-0,8	1,5	1,3	0,9
EC	0,0	-1,3	-1,4	-0,5	0,2	0,3	0,5
USA	1,8	1,1	-0,9	1,3	4,1	:	:
JAP	1,0	0,7	0,9	1,0	1,5	:	:

¹ Forecasts.

Source : Commission services.

The growth of employment will not, however, be sufficient in 1985 to absorb the expected expansion of the labour force and unemployment is likely to show a further, albeit small, increase taking the year-on-year average (Table 13), despite the introduction, in some countries, of measures which effectively reduce the number of people permitted to register as unemployed. Next year, however, should see, the beginning of a slowdown in the rate of growth of the labour force which, together with a modest acceleration in the expansion of employment, should result at least in the stabilisation of unemployment, and might even produce a slight decrease

TABLE 13: Number of unemployed as percentage of working population (EC countries, EC, USA, Japan, 1973-86)

	1973-1982	1981	1982	1983	1984	1985 ¹	1986 ¹
B	7,5	11,1	13,0	14,3	14,5	14,5	14,7
DK	5,7	8,9	9,5	10,2	10,0	9,1	8,8
D	3,7	4,7	6,8	8,4	8,4	8,6	8,3
GR	:	:	:	7,9	8,1	8,6	9,0
F	5,1	7,8	8,8	9,0	9,9	10,7	10,9
IRL	8,5	10,2	12,2	14,9	16,4	17,0	16,9
I	6,3	7,9	9,6	10,8	11,9	12,5	12,7
L	0,5	1,0	1,3	1,5	1,7	1,7	1,6
NL	6,1	8,8	11,7	14,0	14,2	13,5	13,5
UK	5,4	9,2	10,6	11,5	11,8	12,0	11,7
EC	5,2	7,6	9,2	10,3	10,9	11,2	11,1
USA	7,0	7,6	9,7	9,6	7,5	7,3	7,7
JAP	2,0	2,2	2,4	2,7	2,7	2,5	2,6

¹ Forecasts.
Source: Commission services.

compared to the average for 1985. At the national level, a fall in registered unemployment is forecast for 1986 in four Member States: in Germany, the United Kingdom, Denmark and Ireland.

Wages. — The decline in the rate of increase in average employee remuneration, which has been underway since 1981, is expected to continue during 1985 and 1986. Taking the Community as a whole, average compensation per head is forecast to grow in 1986 by under 6 % (Table 14), the lowest rate of increase for more than two decades. Despite this deceleration, the increase in the real value of average employee compensation should accelerate over the outlook period from 0,5 % in 1984 to 1,4 % in 1986, as a result of the fall in the rate of inflation.

TABLE 14: Compensation of employees per head (percentage change on preceding year, EC countries, EC, 1973-86)

	1973-82	1981	1982	1983	1984	1985 ¹	1986 ¹
B	10,9	7,7	7,9	-3,6	6,4	6,4	4,8
DK	11,6	9,2	11,5	6,4	4,9	3,7	2,4
D	7,3	5,2	4,3	3,7	3,2	3,3	3,6
GR	21,3	24,8	27,2	19,7	21,3	19,0	17,5
F	14,5	14,2	14,1	10,9	8,1	6,7	6,3
IRL	18,6	17,0	14,4	10,5	9,5	6,7	6,2
I	20,0	21,9	17,0	16,0	12,1	10,9	8,1
L	10,1	7,8	6,9	6,6	6,2	5,0	5,6
NL	9,3	3,6	5,7	3,4	0,1	1,4	2,4
UK	15,7	13,5	8,8	8,8	6,1	8,1	7,0
EC	13,6	12,6	10,6	8,7	6,8	6,7	5,9

¹ Forecasts.
Source: Commission services.

As forecast productivity gains are not expected to show any significant change over the outlook period (averaging about 2 % o.a.) this moderation in the rate of growth of nominal employee compensation should be reflected in a further deceleration in the rate of increase of unit labour costs, from 4,8 % in 1984 to only 4 % in 1986.

Government finance. — The marked deterioration in the financial situation of general government in virtually all Member States, in the years following the second oil shock, has proved to be more intractable than previously expected. The measures, introduced in several countries, to restrict the growth of government expenditure have not always been successful and, until last year, their effect has been offset by faster than expected increases in interest payments and in certain current transfers. As a result, total government current expenditure, as a percentage of GDP, continued to grow, reaching 47,9 % for the Community as a whole in 1984. However, these aggravating factors are expected to weaken over the outlook period, thus allowing the continuing effects of government measures to predominate. On the general basis of unchanged policies, the rate of growth of general government current expenditure is expected to decline from 8,5 % in 1984 to 7,6 % this year and an increase of only 5,9 % is currently forecast for 1986. This deceleration will reflect, in particular, a sharp reduction in the rate of growth of current transfers, notably those paid to enterprises, and in interest payments.

Although the rate of growth of current government revenue is also expected to decelerate over the outlook period, partly as a result of lower inflation, the difference in the rate of

increase compared to that of current expenditure is expected to widen markedly from 0,2 % in 1985 to 0,6 % next year. As a result, there should be some contraction of the aggregate general government current deficit in the Community, both in absolute terms and as a proportion of GDP (from 1,4 % in 1984 to 1,1 % in 1986). The current accounts of general government in Germany, Denmark and Luxembourg are even forecast to be in surplus in 1986. After taking account of capital transactions, the net borrowing requirement of general government at the Community level is forecast to show a modest decline from 5,5 % of GDP last year to 5,2 % in 1985 and 4,9 % in 1986 (Table 15). It should be noted that actual interest payments will exceed the net government borrowing requirement in six Member States in 1986.

TABLE 15: General government lending or borrowing (-) as percentage of GDP (EC countries, EC, 1973-86)

	1973-82	1981	1982	1983	1984	1985 ¹	1986 ¹
B	-6,7	-12,6	-11,1	-12,1	-10,8	-9,6	-8,1
DK	-1,5	-7,1	-9,3	-7,4	-4,6	-3,1	-1,8
D	-2,7	-3,9	-3,4	-2,8	-2,3	-1,7	-1,7
GR	-4,7	-10,6	-9,4	-9,2	-9,5	-10,7	-9,7
F	-0,9	-1,8	-2,5	-3,1	-2,8	-3,3	-3,3
IRL	-10,4	-15,8	-14,2	-12,4	-10,2	-11,6	-10,4
I	-9,5	-11,7	-12,7	-12,4	-13,5	-12,9	-12,5
L	1,4	-2,3	-1,3	0,0	1,5	2,0	2,3
NL	-2,8	-5,2	-7,1	-6,1	-5,7	-5,3	-5,1
UK	-3,6	-2,7	-2,4	-3,5	-3,7	-3,3	-2,7
EC	-3,7	-5,4	-5,6	-5,6	-5,5	-5,2	-4,9

¹ Forecasts.
Source: Commission services.

Money supply. — On the general assumption that there will not be any unforeseen change in the stance of monetary policy in Member States, the rate of expansion of the money supply (using the broad definition: M2 or M3) is forecast to continue to decline, from 8,6 % during 1984 to 6,4 % in 1986 (Table 16). When account is taken of the rate of growth of nominal GDP, these figures imply a slightly less accommodating stance of monetary policy in 1986 compared with the current year.

TABLE 16: Money supply M2/M3 (percentage change at end of year on twelve months earlier, EC countries, EC, USA, Japan, 1973-86)

	1973-82	1981	1982	1983	1984	1985 ¹	1986 ¹
B	11,1	10,0	7,5	7,1	6,1	5,9	5,0
DK	11,5	9,1	11,4	24,2	17,1	11,0	6,5
D	8,2	5,0	7,1	5,3	4,7	4,7	5,0
GR	24,3	34,7	29,0	20,3	29,4	24,6	20,8
F	13,1	10,4	10,8	10,9	8,3	5,8	4,9
IRL	19,2	17,4	13,0	5,6	10,1	11,4	9,0
I	20,6	15,9	17,2	14,6	11,7	11,3	8,0
L	—	—	—	—	—	—	—
NL	10,0	5,3	7,6	10,6	7,7	8,0	7,5
UK	13,1	13,7	8,9	10,4	9,6	8,1	7,0
EC	13,2	10,9	10,7	10,3	8,6	7,5	6,4
USA	9,6	10,0	9,4	11,7	8,2	:	:
JAP	12,4	11,0	7,9	7,3	7,8	:	:

¹ Forecasts.
Source: Commission services.

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Tables 17 and 18 are shown on page 8.

TABLE A.1 : Industrial production¹ - Percentage change on preceding period (s.a.)

	1980	1981	1982	1983	1984	1984				1985				1985				Change over 12 months % ²
						I	II	III	IV	I	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	March	
B	-1.3	-2.7	0	2.0	3.3	-0.5	0.5	2.3	0.5	:	5.1	-4.1	-0.3	4.7	-5.6	2.5	:	3.2
DK	0.2	0	2.7	3.2	9.7	5.3	0	2.4	5.1	-5.8	-6.4	8.8	-0.3	-4.4	3.0	-3.0	-11.4	-9.7
D	0.2	-1.9	-2.9	0.6	3.0	1.0	-4.4	6.1	1.6	0.3	0.5	1.6	0.4	-0.3	0.3	-0.3	0.1	3.8
GR	0.9	-0.6	-4.2	-0.7	2.8	2.0	0.6	0.9	0.1	:	0.9	3.1	-3.1	-5.6	4.6	0.1	:	1.6
F	-0.7	-2.3	-1.5	0.8	3.1	2.1	-1.3	3.1	-2.5	-0.8	-2.2	0.8	-1.5	-2.3	-1.6	3.9	0.8	0
IRL	-0.8	1.5	0	7.0	13.4	2.9	8.3	-3.4	6.7	:	8.3	-0.5	3.0	2.9	-4.5	-0.8	:	8.7
I	5.5	-1.6	-3.0	-3.2	3.1	1.3	0.6	1.8	-1.8	1.5	1.2	-2.5	-1.2	0.5	-4.0	8.9	-0.4	-0.3
L	-3.3	-5.7	2.3	5.4	11.7	0.2	1.9	3.0	3.1	:	6.3	-2.4	1.7	3.8	:	:	:	10.9
NL	-1.0	-2.0	-4.1	2.1	5.2	4.1	0.7	0.0	-1.3	6.0	-1.0	-2.0	1.0	-1.0	8.0	-2.8	1.0	3.6
UK	-6.7	-3.5	2.2	3.3	1.0	0.1	-1.9	0.4	0.9	2.1	1.0	-0.3	0.3	0.5	0.9	0.4	1.9	3.8
EC	-0.5	-2.3	-1.5	0.8	2.8	0.7	-1.1	2.3	0.9	(0.5)	-0.1	1.2	-1.0	-0.1	(0)	(1.5)	(0)	(2.9)
USA	-4.5	2.5	-8.5	7.8	11.1	2.8	2.2	1.7	-0.4	0.2	-0.5	-0.3	0.3	0	(0.1)	(-0.2)	(0.4)	(3.1)
JAP	4.7	1.0	0.3	3.6	11.1	3.2	2.8	1.5	2.8	(-0.7)	-1.0	3.3	0.3	-0.7	-0.2	(0.8)	(-2.0)	(5.1)

TABLE A.2 : Unemployment rate - Number of unemployed as percentage of civilian labour force (s.a.)

	1980	1981	1982	1983	1984	1984				1985				1985				Change over 12 months % ²
						I	II	III	IV	I	Oct.	Nov.	Dec.	Jan.	Feb.	March	April	
B	(9.1)	11.1	13.0	14.3	14.4	14.4	14.3	14.3	14.4	14.5	14.4	14.4	14.3	14.7	14.4	14.4	(14.5)	(2.6)
DK	6.7	8.9	9.5	10.2	9.9	10.2	10.0	10.0	9.4	(9.5)	9.9	9.3	9.1	(9.5)	(9.6)	(9.4)	(9.2)	(-6.6)
D	3.3	4.7	6.8	8.4	8.4	8.5	8.4	8.5	8.3	8.6	8.3	8.3	8.2	8.5	8.5	8.6	8.6	2.3
GR	6.4	7.8	8.8	9.0	10.1	9.6	10.0	10.2	10.6	10.7	10.5	10.6	10.7	10.8	10.6	10.6	10.5	4.6
F	8.2	10.2	12.2	14.9	16.3	16.1	16.3	16.4	16.6	17.0	16.4	16.6	16.7	16.9	17.1	17.0	17.1	6.7
IRL	7.1	7.9	9.6	10.8	11.8	11.6	11.8	11.8	12.0	12.4	11.9	12.1	12.2	12.3	12.3	12.4	12.5	7.3
L	0.7	1.0	1.3	1.5	1.7	1.8	1.7	1.7	1.7	1.7	1.7	1.7	1.6	1.7	1.7	1.7	1.7	7.5
NL	6.2	8.8	11.7	14.0	14.3	14.7	14.6	14.3	13.8	13.5	14.0	13.8	13.5	13.5	13.6	13.4	13.3	-8.1
UK	(6.0)	(9.2)	(10.6)	11.5	11.8	11.7	11.7	11.8	11.9	12.0	11.9	11.9	11.9	12.0	12.0	12.1	12.2	5.3
EC ⁹	(5.8)	(7.6)	(9.2)	10.3	10.9	10.7	10.8	10.9	11.0	(11.2)	11.0	11.0	11.0	(11.1)	(11.1)	(11.2)	(11.2)	(3.6)
USA ⁶	7.1	7.6	9.7	9.6	7.5	7.9	7.5	7.5	7.2	7.3	7.4	7.1	7.2	7.4	7.3	7.3	:	-4.8
JAP ⁶	2.0	2.2	2.4	2.7	2.7	2.7	2.7	2.8	2.7	2.5	2.8	2.7	2.6	2.4	2.6	2.6	:	-1.9

TABLE A.3 : Consumer price index - Percentage change on preceding period

	1980	1981	1982	1983	1984	1984				1985				1985				Change over 12 months % ²
						I	II	III	IV	I	Oct.	Nov.	Dec.	Jan.	Feb.	March	April	
B	6.6	7.6	8.7	7.7	6.4	1.9	1.4	1.2	0.9	1.8	0.5	0	0.2	0.6	1.0	0.8	0.4	5.5
DK	:	11.7	10.1	6.9	6.3	1.5	1.8	1.0	1.4	1.3	0.4	0.7	-0.2	0.5	0.6	0.8	0.4	5.9
D	5.4	6.3	5.3	3.3	2.4	0.9	0.5	0	0.7	1.1	0.6	0.2	0.1	0.6	0.4	0.3	0.2	2.5
GR	24.9	24.5	21.0	20.5	18.3	4.1	5.6	1.7	5.5	4.5	2.5	1.1	1.5	2.3	-0.2	2.9	1.6	17.7
F	:	13.4	11.8	9.6	7.3	1.7	1.8	1.7	1.4	1.4	0.7	0.3	0.2	0.5	0.5	0.7	0.7	6.5
IRL ⁷	:	20.4	17.2	10.4	8.6	2.4	2.2	1.2	0.7	1.9	(0.2)	(0.2)	(0.6)	(0.6)	(0.6)	:	:	6.2
I	21.2	17.8	16.5	14.7	10.8	2.9	2.3	1.4	2.4	2.9	1.0	0.8	0.6	1.1	1.2	0.8	(0.9)	(9.5)
L	6.3	8.1	9.4	8.7	5.6	1.7	1.1	0.6	1.1	1.0	0.8	0.3	0	0.3	0.6	0.5	0.9	4.4
NL	:	6.7	5.7	2.7	3.2	0.7	0.9	0.1	1.2	0.2	0.8	0.1	-0.1	-0.2	0.3	0.7	0.4	2.5
UK	18.0	11.9	8.6	4.6	5.0	0.6	2.0	0.9	1.2	1.3	0.6	0.3	-0.1	0.4	0.8	0.9	2.1	6.9
CE	:	11.7	10.1	7.6	6.3	1.5	1.6	0.9	1.5	1.6	0.7	0.4	0.2	0.6	0.7	0.7	(0.9)	(6.1)
USA	13.5	10.3	6.2	3.2	4.3	1.1	1.1	1.1	0.7	0.7	0.3	0	0.1	0.2	0.4	0.5	0.4	3.7
JAP	8.0	4.9	2.7	1.9	2.2	0.4	0.9	-0.2	1.2	0.1	0.8	-0.6	0.2	0.5	-0.8	0.4	0.4	1.8

TABLE A.4 : Volume of retail sales - Percentage change on preceding period (s.a.)

	1980	1981	1982	1983	1984	1984				1985				1985				Change over 12 months % ²
						I	II	III	IV	I	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	March	
B	:	-3.3	-1.3	-7.1	-1.8	2.7	-3.5	1.7	-1.0	:	1.4	-1.0	0.6	-2.8	4.0	:	:	-1.3
DK	:	-0.6	1.7	1.6	3.0	1.4	1.0	0.1	0.4	-2.1	1.8	-1.4	1.8	-1.6	-0.9	-1.1	0.1	-3.5
D	:	-1.5	-3.7	0.9	-0.2	1.1	1.0	-0.8	-1.4	:	-0.7	-0.2	-0.6	-2.6	6.7	-6.4	:	-6.5
GR	:	-3.6	-3.6	-1.5	4.5	4.2	3.3	-1.4	-1.2	:	3.9	-6.3	6.7	0.2	-10.1	:	:	-5.7
F	:	-2.2	1.3	-3.1	-5.0	0.4	-3.1	-1.6	-2.1	:	-0.9	-5.4	3.3	-1.5	3.1	-2.9	:	-7.5
IRL	:	-0.6	-5.4	-3.5	-1.4	-3.3	1.9	-1.6	1.4	:	0.7	3.1	-3.6	0.6	-1.2	-1.4	:	-2.5
I ⁸	:	2.9	3.9	2.4	9.3	2.3	3.9	0.2	3.5	:	2.0	-1.1	1.4	1.9	-2.0	-4.1	:	-0.2
L ⁸	:	3.9	4.6	-5.0	-2.1	0.8	-1.3	-1.5	1.2	:	-1.4	-0.7	3.2	-4.4	3.3	-0.8	:	-2.5
NL	:	-3.6	-2.9	-1.9	-2.7	0	-1.5	0.6	-0.5	0.5	-3.7	-1.6	5.2	-6.6	3.2	-0.1	1.2	-1.0
UK	:	0.2	2.0	4.8	3.4	-1.4	2.3	0.7	2.2	-0.9	2.4	-0.3	0.6	2.6	-3.5	0.4	1.6	5.5
CE	:	-0.7	0.1	0.6	1.4	0.8	0.8	-0.3	0.4	:	0.5	-1.6	1.3	-0.5	1.2	(-3.1)	:	(-2.1)
USA	-3.0	1.1	-1.0	7.1	8.4	2.6	2.6	-0.8	1.6	0.3	0.7	0.3	1.2	0.3	0.1	-0.5	(-0.3)	(4.4)
JAP ⁶	-1.1	1.8	0.7	0.9	3.2	3.4	-1.5	2.6	-2.5	:	1.9	-3.2	-0.8	1.5	(4.7)	(-0.9)	:	(0.6)

TABLE A.5 : Visible trade balance - fob/cif, million ECU (s.a.)

	1980	1981	1982	1983	1984	1984				1985				1985				Change over 12 months % ³
						I	II	III	IV	I	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	March	
B/L	-4993	-5418	-3082	-2435	:	-1097	-1276	-1478	:	:	-628	-615	-429	:	:	:	:	-325
DK	-2116	-1475	-1866	-740	-1108	-377	-383	-188	-204	:	-34	-200	-25	21	-174	-125	-212	-124
D	3615	11239	21599	18501	24136	5959	3875	5548	8467	6464	2053	3264	2920	2283	2038	2171	2255	-175
GR	-3853	-3951	-5826	-5800	-6048	-1239	-1011	-1146	-2073	:	-179	-438	-376	-1259	:	:	:	-404
F	-16948	-17283	-24457	-15628	-13130	-3977	-3332	-2450	-2736	-3810	-852	-1274	-897	-566	-1470	-1610	-730	357
IRL	-1893	-2467	-1574	-621	81	-116	195	26	-32	(194)	111	-94	-4	66	-29	72	(152)	113
I	-15307	-13554	-12513	-8516	-13849	-2201	-3872	-2230	-5148	(-5538)	-921	-1296	-2730	-1122	-1773	(-1944)	(-1820)	(-644)
NL	-2981	1320	3500	4499	4740	796	1858	589	1419	:	103	416	560	444	(50)	:	:	(-204)
UK	-3353	-445	-3295	-9681	-14005	-2668	-3686	-3876	-3930	(-4514)	-1665	-1720	-946	-1265	-1008	-1489	-2017	-869
CE ⁹	-47829	-32033	-27515	-20422	(-24272)	-5834	-7810	-5221	(-6278)	(-9407)	-2061	-2035	-2001	(-2242)	(-3161)	(-3438)	(-2808)	(-820)
USA	-26113	-35538	-43518	-77969	-156288	-36262	-36181	-46099	-38116	-47958	-15565	-13253	-13700	-11163	-14652	-16942	-16364	(-4420)
JAP	-7707	7832	7034	23072	42599	8662	10121	9698	14810	(13093)	4596	4175	5613	5022	5699	3683	(3711)	(797)

TABLE A.6 : Money stock¹⁰ - Percentage change on preceding period (s.a.)

		1980	1981	1982	1983	1984	1984				1985	1984			1985				Change over 12 months %	
							I	II	III	IV	I	Oct.	Nov.	Dec.	Jan.	Feb.	March	April		
B	(M2)	2,6	5,8	5,7	8,7	5,7	3,0	1,6	1,5	-0,5			5,7
DK	(M2)	8,1	9,6	11,5	25,5	17,8	3,4	3,6	3,9	5,7	-1,0	2,6	1,2	1,7	-0,6	0,5	-0,9	1,0		13,5
D	(M3)	6,2	5,0	7,1	5,3	4,7	0,4	1,4	1,5	1,4	1,0	0,3	0,4	0,7	0,2	0,6	0,2	0,4		4,7
GR	(M3)	24,7	34,7	29,0	20,3	(29,1)	4,3	7,5	5,8	(8,9)	(5,3)	2,6	2,7	(3,4)	(1,5)	(2,9)	(0,8)			29,2
F	(M2R)	8,4	10,4	10,8	11,2	7,7	1,0	2,2	1,6	2,2	.	-0,4	0,2	2,4	(0,1)	(-0,1)	.	.		(7,4)
IRL	(M3)	17,7	17,4	13,0	5,6	10,1	0	3,1	2,9	3,8	-0,4	1,7	0,2	1,9	-0,5	-1,1	1,2	2,0		11,0
I	(M2)	12,7	9,9	16,9	13,3	12,1	1,9	2,1	3,4	2,8		0,9	0,6	1,2	2,2	0,5	.	.		13,6
NL	(M2)	3,8	5,3	7,6	10,4	7,7	0,3	3,4	2,6	1,1		-0,7	2,5	-0,7	-1,2	3,3	.	.		8,9
UK	(£M3)	18,5	13,7	8,9	10,3	9,8	2,1	3,2	1,1	2,9	2,2	0,3	2,7	-0,1	0,7	0,5	1,0	2,9		12,5
EC ¹¹		10,4	9,4	10,4	10,1	(8,5)	1,3	2,3	1,9	(2,2)	.	0,3	1,0	(1,0)	(0,5)	(0,6)	.	.		(8,4)
USA	(M2)	8,9	10,0	9,4	11,7	8,2	1,5	1,8	1,7	2,7		0,5	1,2	1,1	1,1	0,9	.	.		9,3
JAP	(M2)	7,2	11,0	7,9	7,3	7,9	2,3	1,4	3,1	0,8	3,5	-0,8	0,8	0,8	0,5	0,9	2,0	.		9,1

TABLE A.7 : Short-term interest rates¹²

		1980	1981	1982	1983	1984	1984				1985				1984				1985				Change over 12 months %
							I	II	III	IV	I	Nov.	Dec.	Jan.	Feb.	March	April	May					
B		14,2	15,6	14,1	10,5	11,5	12,4	11,9	11,0	10,7	10,7	10,8	10,7	10,7	10,7	10,7	9,8	9,3	-2,6				
DK		16,9	14,9	16,4	12,1	11,5	11,4	11,7	11,3	12,0	12,0	11,4	12,0	11,4	9,2	12,0	10,5	9,4	-1,1				
D		9,5	12,3	8,8	5,8	6,0	5,8	6,1	5,8	5,8	6,3	5,8	5,8	6,0	6,2	6,3	6,0	5,8	-0,5				
GR		11,0	16,8	20,2	19,4	15,7	15,8	14,6	15,0	16,8	19,3	16,3	16,8	14,9	15,5	19,3	16,3	16,5	-0,9				
F		12,3	15,6	14,6	12,5	11,7	12,6	12,2	11,0	10,8	10,7	10,6	10,8	10,4	10,8	10,7	10,4	10,2	-2,2				
IRL		16,2	16,6	17,5	14,1	13,3	13,0	12,4	13,0	15,0	13,9	14,9	15,0	14,7	14,7	13,9	12,9	12,4	0				
I		17,6	20,0	20,1	18,1	17,2	17,4	16,9	17,7	17,0	15,6	17,1	17,0	16,1	16,2	15,6	15,2	15,2	-1,7				
NL		10,6	11,8	8,3	5,7	6,1	6,1	6,2	6,2	5,7	6,9	5,9	5,7	6,4	7,1	6,8	7,1	6,9	0,7				
UK		16,8	14,2	12,2	10,1	10,1	8,9	9,6	10,8	10,0	13,2	9,8	10,0	12,7	14,0	13,2	12,7	12,6	2,8				
EC ¹³		13,4	15,0	13,2	10,8	10,5	10,5	10,5	10,5	10,2	10,8	10,1	10,2	10,5	10,9	10,8	10,4	10,2	-0,5				
USA		11,6	14,0	10,6	8,7	9,5	9,7	9,9	10,2	7,8	8,2	8,4	7,8	7,9	8,5	8,2	7,8	7,1	-2,6				
JAP		10,9	7,4	6,9	6,4	6,1	6,0	5,9	6,3	6,4	6,4	6,1	6,4	6,2	6,2	6,4	6,1	..	0,2				

TABLE A.8 : Long-term interest rates¹⁴

		1980	1981	1982	1983	1984	1984				1985				1984				1985				Change over 12 months %
							I	II	III	IV	I	Oct.	Nov.	Dec.	Jan.	Feb.	March	April					
B		12,2	13,8	13,5	11,8	12,0	12,2	12,1	11,9	11,6	11,5	11,7	11,5	11,6	11,6	11,6	11,5	11,5	-0,6				
DK		18,7	19,3	20,5	14,4	14,0	14,0	14,6	14,6	14,0	13,0	14,2	14,2	14,0	13,3	13,2	13,0	12,3	-1,3				
D		8,5	10,4	9,0	7,9	7,8	7,9	8,1	7,6	7,0	7,6	7,4	7,2	7,0	7,1	7,4	7,6	7,3	-0,6				
GR		17,1	17,7	15,4	18,2	18,5	19,6	18,3	16,4	17,9	18,4	17,3	16,4	17,9	18,3	18,4	18,4	18,3	-1,3				
F		13,7	16,3	16,0	14,4	13,4	14,0	14,0	13,1	12,7	12,3	12,0	12,4	12,7	12,1	12,3	12,3	12,0	-1,8				
IRL		15,4	17,2	17,0	13,9	14,6	14,1	14,6	15,0	14,9	13,6	15,0	15,3	14,9	14,5	14,7	13,6	13,1	-1,0				
I		16,1	20,6	20,9	18,0	14,9	15,4	14,9	14,5	13,9	12,8	14,6	14,4	13,9	12,3	12,4	12,8	13,3	-2,1				
L		7,4	8,6	10,4	9,8	10,3	10,1	10,4	10,4	10,0	9,7	10,6	10,3	10,0	10,0	9,8	9,7	9,7	-0,5				
NL		10,7	12,2	10,5	8,8	8,6	8,7	8,9	8,4	7,8	8,6	8,0	7,8	7,8	7,8	8,2	8,6	8,0	-0,8				
UK		13,9	14,8	12,7	10,8	10,8	10,2	11,3	10,6	10,8	10,7	10,6	10,3	10,7	11,0	11,0	10,7	10,7	0,1				
EC ¹⁵		12,7	14,9	14,0	12,2	11,4	11,5	11,7	11,1	10,8	10,7	10,8	10,7	10,8	10,4	10,6	10,7	10,6	-1,0				
USA		10,8	12,9	12,2	10,8	11,2	11,9	13,0	12,0	11,2	11,8	11,7	11,3	11,2	11,2	11,4	11,8	11,4	-0,8				
JAP		9,2	8,7	8,1	7,4	6,3	6,6	7,1	6,8	6,3	6,6	6,6	6,4	6,3	6,3	6,8	6,6	6,5	-0,2				

TABLE A.9 : Value of ECU - 1 ECU = ... units of national currency or SDR

		1980	1981	1982	1983	1984	1984				1985				1984				1985				Change over 12 months %
							I	II	III	IV	I	Nov.	Dec.	Jan.	Feb.	March	April	May					
BFR/LFR		40,60	41,29	44,68	45,44	45,44	45,90	45,59	45,25	45,01	44,66	45,01	44,54	44,52	44,68	44,80	45,03	45,09	-1,1				
DKR		7,83	7,92	8,15	8,13	8,15	8,18	8,20	8,15	8,04	7,96	8,06	8,00	7,95	7,96	7,97	8,03	8,06	-1,8				
DM		2,53	2,51	2,38	2,27	2,24	2,24	2,24	2,24	2,23	2,23	2,23	2,23	2,22	2,23	2,23	2,24	2,24	0				
DR		59,24	61,62	65,30	78,09	88,44	84,90	88,46	88,83	91,57	91,97	91,94	91,35	90,69	90,77	94,45	97,29	98,68	11,9				
FF		5,87	6,04	6,43	6,77	6,87	6,90	6,87	6,87	6,84	6,81	6,84	6,84	6,81	6,80	6,81	6,82	6,83	-0,7				
IRL		0,676	0,691	0,690	0,715	0,726	0,728	0,730	0,726	0,719	0,715	0,720	0,716	0,714	0,715	0,715	0,715	0,716	-1,9				
LIT		1189	1263	1324	1350	1381	1382	1382	1380	1382	1382	1387	1376	1368	1376	1404	1428	1429	3,3				
HFL		2,76	2,78	2,62	2,54	2,52	2,53	2,52	2,53	2,52	2,52	2,52	2,52	2,51	2,52	2,52	2,53	2,53	0,4				
UKL		0,598	0,553	0,561	0,587	0,591	0,579	0,591	0,592	0,601	0,614	0,601	0,606	0,622	0,617	0,602	0,584	0,578	-1,5				
USD		1,391	1,116	0,981	0,890	0,789	0,832	0,825	0,768	0,731	0,684	0,746	0,720	0,702	0,676	0,675	0,725	0,720	-11,6				
YEN		315,0	245,4	243,5	211,4	187,0	191,9	189,5	186,9	179,8	176,1	181,5	178,3	178,3	175,9	174,2	182,3	181,2	-3,6				
SDR		1,068	0,946	0,888	0,833	0,767	0,792	0,789	0,757	0,732	0,707	0,744	0,729	0,720	0,702	0,700	0,731	0,728	-7,0				

TABLE A.10 : Effective exchange rates: export aspect¹⁵ - Percentage change on preceding period

Percentage change on preceding period																	Change over 12 months % ²	
	1980	1981	1982	1983	1984	1984				1985				1985				
						I	II	III	IV	I	Nov.	Dec.	Jan.	Feb.	March	April		May
B/L	-0,5	-5,3	-9,2	-2,5	-1,8	-0,1	0,6	0	-0,3	0,1	0,7	-0,1	0,5	-0,7	-0,2	0,6	-0,2	0
DK	-7,9	-6,8	-4,0	-0,1	-2,9	-0,5	-0,3	-0,5	0,4	0,3	0,7	0,1	0,5	-0,8	-0,1	0,6	-0,5	0,3
D	0,4	-5,2	5,1	4,2	-1,0	0,3	0,4	-1,4	-0,9	-0,7	0,7	-0,9	0	-0,6	0	1,4	-0,4	-1,7
GR	-13,5	-9,4	-7,3	-18,0	-14,4	-5,2	-4,1	-1,7	-4,2	-1,5	0	-0,2	0,3	-0,7	-3,7	-1,1	-1,6	-12,2
F	0,4	-8,6	-8,0	-6,7	-4,2	-0,5	0,4	-1,2	-0,8	-0,4	0,7	-0,8	0,1	-0,4	0	1,6	-0,3	-0,8
IRL	-2,0	-8,3	-1,1	-3,4	-3,6	-0,2	0,2	-0,7	0,4	0,1	0,8	0,1	0,5	-0,9	-0,4	0,8	-0,5	0
I	-3,7	-12,2	-6,7	-3,5	-5,3	-1,3	-0,1	-1,1	-1,5	-1,1	0,2	0,1	0,3	-1,2	-2,1	-0,1	-0,2	-5,2
NL	0,1	-5,0	5,5	2,3	-1,5	-0,1	0,4	-1,2	-0,6	-0,8	0,5	-0,7	0	-0,7	0,1	0,9	-0,2	-1,8
UK	10,1	1,1	-4,6	-7,0	-4,4	-1,6	-2,2	-1,8	-3,4	-3,6	0	-2,0	-3,3	0,2	2,7	5,9	1,0	-0,8
ECU	2,2	-14,9	-5,5	-5,3	-8,2	-1,5	-0,5	-3,2	-3,3	-2,7	1,3	-2,0	-0,9	-1,5	0,2	4,7	-0,4	-4,6
USA	-0,3	14,0	12,1	7,1	8,9	0,8	1,0	6,3	3,2	6,2	-1,8	2,7	2,3	3,6	0,6	-4,8	0,5	12,2
JAP	-4,1	14,0	-4,8	11,5	6,6	2,2	1,3	-1,9	1,3	-0,6	0,2	0	-1,0	-0,1	1,3	-0,7	0,1	-0,9

TABLE 17: Demand components at constant prices (percentage change on preceding year, EC countries, 1973-86)

	1973-82	1983	1984	1985 ¹	1986 ¹
B⁵ Private consumption	2,6	-0,9	0,0	-0,5	0,0
Government consumption	2,9	0,3	-0,5	0,7	-0,2
Fixed capital formation	0,1	-6,4	4,6	4,1	1,9
Exports of goods and services	4,5	0,0	6,7	4,6	5,3
Imports of goods and services	4,3	-2,9	5,5	3,1	3,7
GDP	2,2	0,4	2,0	1,6	1,7
DK⁵ Private consumption	1,5	1,7	2,8	1,5	2,1
Government consumption	3,8	0,0	-0,1	0,2	0,0
Fixed capital formation	-3,1	3,2	12,8	10,5	5,8
Exports of goods and services	4,6	3,4	3,5	5,9	6,0
Imports of goods and services	2,4	0,7	6,6	4,2	3,9
GDP	1,8	2,0	3,9	2,9	3,1
D⁴ Private consumption	2,3	1,1	0,6	1,4	3,0
Government consumption	1,8	-0,2	2,0	2,0	1,5
Fixed capital formation	-0,1	3,0	1,3	2,0	3,7
Exports of goods and services	5,5	-1,3	8,1	7,0	5,2
Imports of goods and services	4,0	1,8	5,9	5,0	6,2
GDP	2,0	0,9	2,6	2,5	2,8
GR² Private consumption	3,5	0,6	2,1	1,5	1,0
Government consumption	6,0	2,4	3,9	3,8	2,0
Fixed capital formation	-1,0	-1,4	-4,7	-1,1	2,4
Exports of goods and services	6,5	9,7	9,8	6,3	7,0
Imports of goods and services	4,6	2,6	0,6	3,3	3,0
GDP	3,1	0,3	2,6	1,9	1,9
F² Private consumption	3,5	0,7	0,7	0,9	1,5
Government consumption	2,9	1,9	0,3	0,6	1,1
Fixed capital formation	1,3	-1,4	-2,4	0,3	1,9
Exports of goods and services	6,5	3,4	6,9	4,2	4,3
Imports of goods and services	7,2	-1,5	3,0	2,8	3,8
GDP	2,7	1,0	1,4	1,1	1,7
IRL³ Private consumption	2,7	-3,5	0,6	1,3	1,3
Government consumption	5,3	0,1	-1,0	2,1	-0,5
Fixed capital formation	4,2	-7,9	-1,1	0,3	1,0
Exports of goods and services	7,3	10,6	15,2	10,1	8,0
Imports of goods and services	5,4	3,9	8,8	6,7	5,8
GDP	4,0	0,6	3,6	2,9	2,7
I² Private consumption	2,5	-0,6	1,8	2,3	1,8
Government consumption	2,5	2,7	2,7	1,9	1,6
Fixed capital formation	0,9	-5,3	4,1	3,9	2,9
Exports of goods and services	5,6	4,0	7,0	4,2	5,4
Imports of goods and services	4,1	0,8	9,6	5,6	5,3
GDP	2,6	-1,2	2,6	2,6	2,2
L³ Private consumption	3,1	-1,4	-1,2	1,0	1,5
Government consumption	3,3	0,0	-0,7	-0,3	0,0
Fixed capital formation	-0,9	-5,4	-1,4	1,1	1,2
Exports of goods and services	2,6	-1,3	10,4	1,7	2,8
Imports of goods and services	2,9	-1,9	6,4	2,1	3,0
GDP	1,7	-2,2	2,4	1,2	1,4
NL⁵ Private consumption	3,0	-0,2	0,0	1,6	1,7
Government consumption	2,4	1,0	-1,1	0,5	0,4
Fixed capital formation	-0,7	0,4	4,2	1,6	2,6
Exports of goods and services	3,3	4,8	6,3	4,5	4,6
Imports of goods and services	2,4	4,8	6,3	3,2	3,9
GDP	2,4	0,6	1,9	2,0	1,9
UK⁵ Private consumption	1,3	4,2	1,5	2,0	3,4
Government consumption	1,8	2,6	1,0	2,2	0,1
Fixed capital formation	0,0	4,2	7,7	2,7	2,9
Exports of goods and services	3,4	0,9	6,6	7,7	3,6
Imports of goods and services	1,9	5,4	8,7	4,5	4,6
GDP	1,5	3,3	1,6	3,5	2,4

¹ Forecasts.² 1970 prices.³ 1975 prices.⁴ 1976 prices.⁵ 1980 prices.

Source: Commission services.

TABLE 18: Contributions to real GDP growth¹ (EC countries, 1973-86)

	1973-82	1983	1984	1985 ²	1986 ²
B Final domestic demand	2,2	-1,5	0,6	0,5	0,3
Stockbuilding	-0,1	0,2	0,4	0,0	0,0
Foreign balance	0,1	1,9	0,9	1,1	1,3
DK Final domestic demand	1,3	1,0	3,6	2,7	2,2
Stockbuilding	0,0	-0,4	1,2	-0,4	0,0
Foreign balance	-0,1	1,0	-0,9	0,7	0,9
D Final domestic demand	1,6	1,8	1,0	1,6	2,7
Stockbuilding	-0,1	0,7	0,7	0,0	0,1
Foreign balance	0,4	-0,9	0,9	0,9	0,0
GR Final domestic demand	3,2	-0,5	1,3	1,5	1,4
Stockbuilding	0,1	-1,1	0,0	0,1	0,0
Foreign balance	-0,2	1,0	1,3	0,3	0,5
F Final domestic demand	2,9	-0,3	0,0	0,7	1,5
Stockbuilding	0,0	-0,7	0,5	0,0	-0,1
Foreign balance	-0,2	1,1	0,9	0,4	0,2
IRL Final domestic demand	3,9	-3,0	-0,1	1,2	0,8
Stockbuilding	0,0	0,6	0,0	-0,8	0,1
Foreign balance	0,0	3,1	3,8	2,5	1,8
I Final domestic demand	2,3	-2,2	2,2	2,4	1,9
Stockbuilding	0,1	-1,7	0,6	0,3	0,1
Foreign balance	0,3	0,8	-0,3	-0,2	0,2
L Final domestic demand	2,1	-2,0	-1,1	0,8	1,1
Stockbuilding	0,1	0,1	-0,1	0,6	0,4
Foreign balance	-0,2	0,6	3,6	-0,2	-0,1
NL Final domestic demand	2,1	0,4	0,6	1,4	1,5
Stockbuilding	-0,1	0,3	1,2	-0,2	-0,2
Foreign balance	0,3	0,1	0,2	0,9	0,6
UK Final domestic demand	1,1	4,4	2,5	2,2	2,6
Stockbuilding	0,0	0,6	-0,4	0,4	0,0
Foreign balance	0,4	-1,1	-0,5	0,9	-0,2

¹ Change as percentage of GDP of preceding period.² Forecasts.

Source: Commission services.

The list of principal economic policy measures for May 1985 will appear in the next issue.

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